



DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
NUREK HYDROPOWER REHABILITATION PROJECT PHASE I  
APPROVED ON MAY 3, 2017  
TO  
MINISTRY OF FINANCE, TAJIKISTAN

ENERGY &amp; EXTRACTIVES

EUROPE AND CENTRAL ASIA

|                                  |  |
|----------------------------------|--|
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**I. BASIC DATA**

**Product Information**

|  |  |
|--|--|
| Project ID<br>P150816                          | Financing Instrument<br>Investment Project Financing |
| Original EA Category<br>Partial Assessment (B) | Current EA Category<br>Partial Assessment (B)        |
| Approval Date<br>03-May-2017                   | Current Closing Date<br>31-Dec-2023                  |

**Organizations**

|   |   |
|---|---|
| Borrower<br>Ministry of Finance, Tajikistan | Responsible Agency<br>Ministry of Energy and Water Resources,<br>Tajikistan,OJSHC Barqi Tojik |
|---|---|

**Project Development Objective (PDO)**

Original PDO

The project development objectives are to rehabilitate and restore the generating capacity of three power generating units of Nurek hydropower plant, improve their efficiency, and strengthen the safety of the Nurek dam.

**Summary Status of Financing**

| Ln/Cr/Tf   | Approval    | Signing     | Effectiveness | Closing     | Net        |           |             |
|------------|-------------|-------------|---------------|-------------|------------|-----------|-------------|
|            |             |             |               |             | Commitment | Disbursed | Undisbursed |
| COFN-C1470 | 15-Jun-2017 | 01-Aug-2017 | 30-Apr-2018   | 31-Dec-2023 | 60.00      | 0         | 60.00       |
| IDA-60240  | 03-May-2017 | 02-Jun-2017 | 27-Apr-2018   | 31-Dec-2023 | 69.14      | 5.05      | 64.09       |
| IDA-60250  | 03-May-2017 | 02-Jun-2017 | 27-Apr-2018   | 31-Dec-2023 | 100.00     | .25       | 99.75       |
| IDA-D1790  | 03-May-2017 | 02-Jun-2017 | 27-Apr-2018   | 31-Dec-2023 | 56.57      | 20.30     | 38.31       |



## Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

## II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

Project Implementation Status:

The Nurek Hydropower Rehabilitation Project was approved in May 2017 and IDA financing was declared effective on April 27, 2018. AIIB also declared effective the co-financing on April 30, 2018. The processing of the loan from the Eurasian Development Bank (EDB) was delayed due to internal in-country finalization of the Financing Request Application to EDB. EDB financing is expected to become effective by May 2019. This will not impact the project schedule because supply and installation of autotransformers is not on critical path and would not impact the progress of works by World Bank and AIIB supported components.

Project implementation is rated as satisfactory given the progress with procurement of the critical package for rehabilitation of the power plant and advancement in preparing tender documents for other key contracts on power plant rehabilitation and strengthening dam safety. As of October 30, 2018, US\$ 25.3 mln, which is slightly above 11% of the total Project financing, has been disbursed. It is expected that US\$ 14 mln will be disbursed by the end of FY19.

Component 1: The design, supply, and installation contract for both Phases I and II of power plant rehabilitation was awarded to JV of Andritz Hydro GmbH (Germany), Andritz Hydro GmbH (Austria), and Andritz JV Corp. (USA) Andritz Hydro was signed on July 12, 2018. The contract price for both Phases is €239,099,867.00 and TJS98,128,050.00. The contract price for Phase I is €119,022,615.00 and TJS40,902,033.00. The IDA portion of the advance payment has already been processed and the contract would become effective after AIIB portion is also processed by mid-November 2018. The power plant rehabilitation contractor is expected to be mobilized by mid-January 2019. The turbine hydraulic model testing and design works are expected to be completed by May 2020 and shipment of generating units is expected to commence.

The bidding document for hydro-mechanical equipment is being finalized. It is expected that the tender for this package will be launched end-2018.

The bidding document for replacement of six autotransformers (fully financed by EDB) required for evacuation of energy from Nurek power plant were reviewed by the Bank and are under EDB review. The bidding documents are expected to be finalized by January 2019 and issued after signing of the Financing Agreement with EDB (February 2019).

Component 2: Preparation of the bidding documents for procurement of the works contract for Dam Monitoring Instrumentation, Geodetic Instrumentation & Geotechnical Investigations is underway.

The above works would inform the scope of additional civil works contract for rehabilitation of the spillway tunnels, improving the water-tightness at the interfaces of the top gallery with the core and the abutments, rehabilitation of the spillway outlet works (if planned analyses show these to be required), remedial measures for improving slope stability of the Left Bank (if investigations show these to be required), and clearing the tailrace channel to lower



tailwater levels. The bidding documents would be finalized after completion of geotechnical investigation works on the Left Bank and in spillway tunnels.

Component 3. The implementation of this technical assistance component is on track. There are number of ongoing activities: (a) support to BT in supervision of the EPC contractor; (b) revaluation of fixed assets of BT; (c) stakeholder engagement.

Audit: The audit of project's financial statements for the Borrower's FY2017 and the management letter were received by the Bank by the specified deadline of June 30, 2018, were reviewed, and found acceptable. The audit report for BT FY2017 financial statements was received with 2-month delay – August 28, 2018. The delay was due to late appointment of the auditor, which did not allow sufficient time to complete the audit and submit it to the Bank and AIIB by June 30, 2018. Therefore, to avoid future delays with the audit report submission, BT initiated the appointment process for the BT and project FY2018 financial statements audit. The TOR has already been cleared by the Bank and the contract with the auditor is expected to be signed by November 20, 2018.

**Proposed Changes:**

In a letter dated October 24, 2018, the Ministry of Finance of the Republic of Tajikistan requested to amend the Financing Agreement (Credit No. 6024-TJ, Credit No. 6025-TJ, and Grant No. D179-TJ) between the Republic of Tajikistan and the International Development Association dated June 2, 2017 for Nurek Hydropower Rehabilitation Project (Phase I) to revise the project description for Part 1 of the Project and the withdrawal table to reflect the updated project description.

This revision is needed to avoid ambiguity regarding the activities to be financed by the International Development Association and the Asian Infrastructure Investment Bank (AIIB). As reflected in the original Loan Agreement of AIIB, it can only finance specific items under the EPC contract for Part 1 of the Project. Thus, pro-rata disbursement for the EPC contract for Part 1 of the project would not be an optimal solution as it would significantly increase manual processing work by the Bank to ensure the co-financing arrangements between AIIB and IDA are implemented as envisaged, i.e. that the sources of financing are correctly used for specific items (review of supporting documentation for disbursement of funds). Therefore, there is a need to revise: (i) the Project Description of Part 1 of the Project to provide additional break-down of specific items, and (ii) the disbursement categories in the Withdrawal Table to correctly account for the AIIB co-financing of the specific and agreed items under the Project.

Project Description is proposed to be revised as follows:

Schedule I of the Financing Agreement "Project Description":

Para (a) of the Part 1 of the Schedule 1 (Project Description) to be revised to read as follows: "Design and model testing of three power generating units, including turbines, and other equipment of the plant."

Para (b) of the Part 1 of the Schedule 1 (Project Description) to be revised to read as follows: "Supply of three power generating units, including turbines, main inlet valves and transformers, auxiliary systems and other key equipment of the plant."

Para (c) to be added to the Part 1 of the Schedule 1 (Project Description): "Installation of three power generating units, including turbines, main inlet valves and transformers, auxiliary systems and other key equipment of the plant"



Para (d) to be added to the Part 1 of the Schedule 1 (Project Description): “Provision of spare parts and operations and maintenance equipment.”

The withdrawal table in the para 2 of the Section IV (Withdrawal of Loan Proceeds) of the Schedule 2 is proposed to be revised to specify that IDA will finance 100% of expenditures under Part 1 (b) and (d) of the Project, Consulting services, non-consulting services, Training and Incremental Operating Costs under the Project; and 50% of expenditures under Part 2 of the Project. There is no change in the overall project cost.

The Project Co-Lender's Agreement signed between the AIIB and the WB on March 5, 2018 will also be amended to reflect the proposed changes.

This will be the first restructuring of the Project.

### III. DETAILED CHANGES

#### REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

| Ln/Cr/TF                          | Current Expenditure Category                                   | Current Allocation   | Actuals + Committed | Proposed Allocation  | Disbursement % (Type Total) |          |
|-----------------------------------|--|----------------------|---------------------|----------------------|-----------------------------|----------|
|                                   |  |                      |                     |                      | Current                     | Proposed |
| IDA-60240-001<br>Currency:<br>USD | Goods and Works under Part 1 (b) and Part 1 (d)                | 64,135,000.00        | 0.00                | 40,886,473.02        | 100.00                      | 100.00   |
|                                   | REFUND OF PREP. ADVANCE  | 5,000,000.00         | 5,048,526.98        | 5,048,526.98         |                             | 100      |
|                                   | Works under Part 2   | 0.00                 | 0.00                | 15,000,000.00        |                             | 50       |
|                                   | Consulting services, non-consulting services, training and IOC | 0.00                 | 0.00                | 8,200,000.00         |                             | 100      |
|                                   | <b>Total</b>   | <b>69,135,000.00</b> | <b>5,048,526.98</b> | <b>69,135,000.00</b> |                             |          |



# The World Bank

Nurek Hydropower Rehabilitation Project Phase I (P150816)

|                                   |  |                      |                      |                      |        |        |
|-----------------------------------|--|----------------------|----------------------|----------------------|--------|--------|
| IDA-60250-001<br>Currency:<br>USD | Goods and Works under Part 1 (b) and Part 1 (d)                | 99,750,000.00        | 0.00                 | 99,750,000.00        | 100.00 | 100.00 |
|                                   | Front-end fee  | 0.00                 | 0.00                 | 0.00                 |        | 100    |
|                                   | <b>Total</b>   | <b>99,750,000.00</b> | <b>0.00</b>          | <b>99,750,000.00</b> |        |        |
| IDA-D1790-001<br>Currency:<br>XDR | Goods and Works under Part 1 (b) and Part 1 (d)                | 41,800,000.00        | 14,498,018.12        | 40,000,000.00        | 100.00 | 100.00 |
|                                   | Consulting services, non-consulting services, training and IOC | 0.00                 | 0.00                 | 1,800,000.00         |        | 100    |
|                                   | <b>Total</b>   | <b>41,800,000.00</b> | <b>14,498,018.12</b> | <b>41,800,000.00</b> |        |        |